

Message Text

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60

ACTION EB-11

INFO OCT-01 ARA-16 ISO-00 L-03 NSC-10 CIAE-00 INR-10

NSAE-00 PA-04 RSC-01 USIA-15 PRS-01 SPC-03 AGR-20

COME-00 TRSE-00 AID-20 DRC-01 /116 W

----- 112040

R 121905Z DEC 73

FM AMEMBASSY LA PAZ

TO SECSTATE WASHDC 1721

INFO AMEMBASSY BRASILIA

AMEMBASSY BUENOS AIRES

AMEMBASSY GUATEMALA

AMEMBASSY LIMA

AMEMBASSY MANAGUA

AMEMBASSY MEXICO CITY

AMEMBASSY SAN SALVADOR

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E.O. 11652: N/A

TAGS: ETRD, BL.

SUBJ: BOLIVIAN COTTON CONTRACTS

REF: LA PAZ 7367

1. AGREEMENT BETWEEN COOK/RALLI AND ADEPA SIGNED (AS REPORTED REFTEL) AND COOK/RALLI REPS HAVE LEFT BOLIVIA. AGREEMENT BEING HELD IN ESCROW (IN SANTA CRUZ BANK VAULT) UNTIL DECREE 11016 OF AUGUST 4 MODIFIED TO REMOVE RETROACTIVE EFFECT ON COOK/RALLI CONTRACTS.

2. COOK/RALLI LAWYER, RENE ROJAS, TOLD ECONOFF DECEMBER 10 THAT SUB-SECRETARY MININD/COM ZAMORANO HAD ACCEPTED IDEA OF ALTERING OR INTERPRETING DECREE 11016 TO CLEARLY REMOVE ANY RETROACTIVE EFFECT. AS FAR AS WE AWARE, GOB WELL DISPOSED TO ACCEPT THIS ALTERATION. ACCORDING ROJAS, ADEPA REPS PRESSING FOR REVISION OF COTTON EXPORT TAX TO REMOVE ANY EFFECTIVE TAX ON 1973

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CROP. THEY WANT TAX REVISION IN SAME DECREE THAT DEALS WITH

RETROACTIVITY PROBLEM. MINFIN WORKING ON IMPLICATION TAX REVISION AND DO NOT EXPECT TO BE ABLE PRESENT DECREE WITH EXPLANATORY MATERIAL BEFORE DECEMBER 14. WE UNDERSTAND COTTON NOT BEING SHIPPED AND THAT BANKS WILL NOT RECOMMENCE DISBURSEMENTS UNDER LINES OF CREDIT FOR 1974 CROP UNTIL DECREE ISSUED.

3. MAIN ELEMENTS OF AGREEMENT AS FOLLOWS: (A) ADEPA AGREES TO DELIVER AT LEAST 41,178 BALES (OF WHICH 26,275 BALES IN SANTOS, SAO PAULO AND BUENOS AIRES TO BE DELIVERED IMMEDIATELY) IN ACCORDANCE WITH TERMS AND CONDITIONS, INCLUDING PRICES OF ORIGINAL CONTRACTS; (B) ADEPA AGREES TO USE ITS BEST EFFORTS TO SHIP ADDITIONAL 14,347 BALES TO COOK/RALLI UNDER SAME CONTRACT TERMS; (C) IF ADEPA UNABLE DELIVER ANY COTTON IN EXCESS 41,178 BALES IT WILL NOT BE HELD LIABLE, BUT ADEPA AGREES NOT TO SELL, EXPORT OR ASSIST IN SALE OF ANY PORTION OF 1973 CROP PREVIOUSLY COMMITTED TO COOK/RALLI EXCEPT IN ACCORDANCE WITH TERMS COOK/RALLI CONTRACTS; (D) COOK/RALLI AGREE TO PAY ADEPA US\$ 0.025 PER POUND TO PARTIALLY COVER ACTUAL ADDITIONAL STORAGE, INTEREST AND INSURANCE (THIS PROVISION SHOULD BE HELD AS CONFIDENTIAL); AND (E) 15 PERCENT INCREASE IN THE PRICES SET ON ABOUT 32,000 BALES FROM THE 1974 CROP BOUGHT BY COOK LAST MAY.

4. AGREEMENT ALSO STATES THAT ADEPA WARRANTS THAT IT HAS AUTHORITY TO EXECUTE AGREEMENT ON BEHALF OF PRODUCERS AND POWER TO TRANSFER COTTON TO COOK/RALLI; THAT ADEPA DECLARES IT HAS SEEN CERTIFICATION THAT FOMENTO IS DULY ORGANIZED AND EXISTING CORPORATION UNDER LAWS OF PANAMA AND ACCEPTS CERTIFICATION AS VALID AND THAT UPON FULFILLMENT OF AGREEMENT BY ADEPA; COOK/RALLI WILL HELP REESTABLISH COMMERCIAL PRESTIGE OF BOLIVIAN PRODUCERS IN INTERNATIONAL COTTON MARKET.

5. TEXT OF AGREEMENT WILL BE SENT SECSTATE UNDER AIRGRAM. STEDMAN

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Message Attributes

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Disposition Authority: golinofr
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Disposition Date: 28 MAY 2004
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Disposition Remarks:
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